



Patent application: ELECTRONIC BOND & GUARANTY PROCESS AND  
BUSINESS METHOD

Application Number: 09/848638

Filing Date: 5/3/2001

Art Unit: 2164

JUNE 6, 2003

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COVER LETTER

Through settlement agreement (copy enclosed), I have recently regained access to this file and am now filing herewith a supplementary Information Disclosure Statement together with copies of all citations therein. I understand that no fee is due for this IDS filing since no office action has occurred yet.

A discussion of the related art is also attached.

Additionally, all previous powers of attorney are hereby revoked (revocation enclosed), and all correspondence should be directed to me at the address specified in revocation.

Regards,

Shelton E. Harrison, Jr.

310-838-8769



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BUSINESS METHOD  
Application Number: 09/848638  
Filing Date: 5/3/2001  
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**SUPPLEMENTARY INFORMATION DISCLOSURE STATEMENT:  
DISCUSSION**

I am enclosing herewith a supplementary IDS and copies of all citations. This related art is discussed below.

As shown in the related art, currently available electronic payment methods for internet auctions -- such as PayPal/eBay, Yahoo Pay Direct, Amazon -- have certain characteristics that make them inherently less efficient than the system disclosed in the present patent application (hereinafter "Disclosed System").

First, a separate payment transaction must be set up for each individual auction or group of auctions between a particular bidder and a particular internet auction seller. Such arrangements are made after the auction closes and require various email exchanges between the participants themselves and between the given payment service and the participants. In short, there are transaction costs, in terms of both time and money, related to every single auction in which one of these payment systems is used.

Second, escrow services, such as Escrow.com, add even more transaction costs, as there must be an approval made by the receiving party before payment is released. Thus, escrow, as admitted by the internet escrow companies themselves, typically takes 5 to 14 days and can take much longer.

The Disclosed System, however, provides a mechanism by which a SINGLE transaction, that of purchasing a surety bond, serves to arrange protection for an infinite number of auctions during the life of the bond. There are no per-transaction costs, no friction added to individual payment transactions at all.

Moreover, the Disclosed System is faster than any known art or combination of known art, in that it provides a mechanism for payment that is automatic and instantaneous,

taking effect the moment an auction closes without any need for the bonded high bidder or bonded seller to do anything to arrange payment.

The related art provides insurance for transactions typically up to \$200. Such levels of protection are profoundly inadequate, as indicated by the FTC findings that internet auction fraud continues to be the #1 problem related to ecommerce. But going beyond such a level is infeasible for the internet auction companies and existing payment services because they have no mechanism to arrange for secure collateral from both the seller AND the bidder. Thus, the related art is demonstrably incapable of addressing these problems.


The system disclosed in the present patent application has no such limitations. A surety bond providing \$1,000,000 of coverage or more is easily possible under this system.

Numerous other advantages of the presently disclosed system can be demonstrated if necessary, and there is no system or combination of systems available today that can replicate the power of the current system. In particular, to name but a few, no related art discloses:

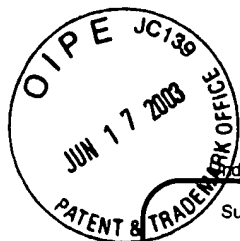
1. a bond margin gauge - of any kind - updated in real-time that tells a bidder before he bids exactly the amount of coverage an internet auction seller has remaining under a bond at a given moment in time
2. instantaneous, automatic payment the moment a user-to-user auction closes with no action required of seller or bidder when they are both bonded
3. internet auction bidder bonding
4. a mechanism by which a single transaction can be used to protect participants in hundreds or thousands of auctions without any further arrangements being made

Please let me know if any other information is needed to facilitate the examination and issuance of the patent sought in this case.

Regards,



Shelton E. Harrison, Jr.  
310-838-8769



PTO/SB/08A (04-03)  
Approved for use through 04/30/2003. OMB 0651-0031  
U.S. Patent and Trademark Office, U.S. DEPARTMENT OF COMMERCE  
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## INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(Use as many sheets as necessary)

Sheet

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of

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### Complete if Known

Application Number 09/848660  
Filing Date May 3, 2001  
First Named Inventor SHELTON E. HARRISON  
Art Unit 2164  
Examiner Name  
Attorney Docket Number

### U. S. PATENT DOCUMENTS

Examiner Initials*	Cite No. <sup>1</sup>	Document Number	Publication Date MM-DD-YYYY	Name of Patentee or Applicant of Cited Document	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear
		Number-Kind Code <sup>2</sup> (if known)			
		US- 3573747	04-06-1971	ADAMS ET AL.	ALL
		US- 3581072	05-25-1971	NYMEYER	ALL
		US- 4734564	03-29-1988	BOSTON ET AL.	ALL
		US- 4789928	12-06-1988	FUJISAKI	ALL
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		US- 5832447	11-03-1998	RIEKER ET AL.	ALL
		US- 5897620	04-27-1999	WALKER ET AL.	ALL
		US- 5949885	09-07-1999	LEIGHTON	ALL
		US- 6076072	06-13-2000	LIBMAN	ALL
		US- 6202051	03-13-2001	WOOLSTON	ALL
		US- 6208973	03-27-2001	BOYER ET AL.	ALL
		US- 5673402	09-30-1997	RYAN ET AL.	ALL
		US- 5732400	03-24-1998	MANDLER ET AL.	ALL
		US- 5826244	10-20-1998	HUBERMAN	ALL
		US-			

### FOREIGN PATENT DOCUMENTS

Examiner Initials*	Cite No. <sup>1</sup>	Foreign Patent Document	Publication Date MM-DD-YYYY	Name of Patentee or Applicant of Cited Document	Pages, Columns, Lines, Where Relevant Passages Or Relevant Figures Appear	T <sup>6</sup>
		Country Code <sup>3</sup> Number <sup>4</sup> Kind Code <sup>5</sup> (if known)				

Examiner  
Signature

Date  
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## INFORMATION DISCLOSURE STATEMENT BY APPLICANT

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Sheet

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5

Application Number

09/848639

Filing Date

May 3, 2001

First Named Inventor

SHELTON E HARRISON

Art Unit

2164

Examiner Name

Attorney Docket Number

### NON PATENT LITERATURE DOCUMENTS

Examiner Initials*	Cite No. <sup>1</sup>	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.	T <sup>2</sup>
		PAYPAL, "User Agreement for PayPal Service," www.paypal.com, 2003, unknown city (11 pages).	
		PAYPAL, "Winning Buyer notification," www.paypal.com, 2003, unknown city (1 pages).	
		PAYPAL, "End of auction notification," www.paypal.com, 2003, unknown city (1 pages).	
		PAYPAL, "Seller Overview," www.paypal.com, 2003, unknown city (1 pages).	
		PAYPAL, "Getting started: How do I send money," www.paypal.com, 2003, unknown city (1 page).	
		PAYPAL, "Getting started: How do I receive money," www.paypal.com, 2003, unknown city (1 page).	
		PAYPAL, "How secure are paypal transactions," www.paypal.com, 2003, unknown city (1 page).	
		PAYPAL, "What if I do not receive the item I expected," www.paypal.com, 2003, unknown city (1 page).	
		PAYPAL, "Seller protection policy," www.paypal.com, 2003, unknown city (2 pages).	
		PAYPAL, "Buyer Complain Policy," www.paypal.com, 2003, unknown city (4 pages). 2 pages.	

Examiner  
Signature

Date

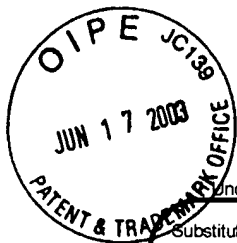
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Sheet **3** of **5**

Complete if Known	
Application Number	09/848639
Filing Date	May 3, 2001
First Named Inventor	SHELTON E HARRISON
Art Unit	2164
Examiner Name	
Attorney Docket Number	

### NON PATENT LITERATURE DOCUMENTS

Examiner Initials*	Cite No. <sup>1</sup>	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.	T <sup>2</sup>
		ESCROW.COM, "Guiding Buyers and Sellers...." www.escrow.com, 2003 (1 page), unknown city.	
		ESCROW.COM, "How Does Escrow protect against fraud," www.escrow.com, 2003 (1 page) unknown city.	
		YAHOO PAYDIRECT, "Send Money to Someone Else?", www.yahoo.com 2003 (1 p.).	
		YAHOO PAYDIRECT, "Accept Money someone has sent me?", www.yahoo.com 2003 (1 p.).	
		YAHOO PAYDIRECT, "How do i use Paydirect on my web site....?", www.yahoo.com 2003 (1 p.).	
		ESCROW.COM, "How Does Escrow protect me," www.escrow.com, 2003 (1 page).	
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		YAHOO PAYDIRECT, "How Does Yahoo Paydirect work?", www.yahoo.com 2003 (3 p.).	
		PCWorld.Com, "Auction Payment sites..." , pcworld.com, 2000, unknown city. (3 p.)	
		Federal Trade Commission "Internet Auction Fraud...", FTC, www.ftc.gov, Wash., DC. 4 pages.	

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Sheet 4 of 5

Complete if Known	
Application Number	09/848086
Filing Date	May 3, 2001
First Named Inventor	SHELTON E HARRISON
Art Unit	2164
Examiner Name	
Attorney Docket Number	

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		STEINER, INA; "FTC Says Internet Auction..." www.auctionbytes.com (5 pages) unknown city, 1/24/02.	
		AUCTION BYTES, "What to do if you are ripped off online," (3 pages) unknown city, 2003.	
		AUCTION BYTES, "Online Payment services," (4 pages) unknown city, 11/2003.	

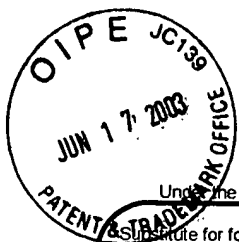
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Sheet 5 of 5

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		PAYPAL, "PayPal Merchant Tools," www.paypal.com, May 21, 2003, unknown city (24 pages).	
		KILCULLEN ET AL., "Construction Surety Bonds in Plain English," 1996, unknown city, (7 pages).	
		KILCULLEN Et AL., "How Surety Bonds Work," 1996, unknown city (7 pages).	
		CRUZ, Mike: "Passing the Buck," Computer Reseller News, CMP Media (2 pages), Manhasset, NY, 2000.	
		Black's Law Dictionary, "Suretyship bond," West Publishing, St. Paul, MN, 1990 (1 page).	
		Black's Law Dictionary, "Surety" definition, <u>id</u> , 2 pages.	
		Black's Law Dictionary, "Suretyship" definition, 1 page.	
		Black's Law Dictionary, "Suretyship, Contract of" definition, 1 page.	
		Black's Law Dictionary, "Guaranty" Definition, 2 pages.	

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